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CGN Power Co., Ltd.*

中國廣核電力股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1816)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2018

FINANCIAL HIGHLIGHTS

For the six months ended June 30, 2018,

- Revenue of the Group was RMB23,007,348,000, representing an increase of 7.5% over the corresponding period in 2017 (restated[#]).
- Profit for the period attributable to owners of the Company was RMB4,375,919,000, representing a decrease of 28.1% over the corresponding period in 2017 (restated[#]).
- Fujian Ningde Nuclear Power Co., Ltd. (福建寧德核電有限公司) (“**Ningde Nuclear**”) has become a subsidiary of the Group since January 1, 2017 and has been included in the Group’s scope of consolidation. The change of Ningde Nuclear from a joint venture into a subsidiary of the Group generated a re-valuation gain of RMB1,785,082,000. The impact on the profit attributable to the owners of the Company amounted to RMB1,434,393,000. After deducting the above main impact and other one-off profit and loss^{##}, the profit attributable to owners of the Company for the period was RMB4,347,816,000, representing a decrease of 4.3% over the corresponding in 2017 (restated[#]).

For details of the restatement, please refer to Note 2 to the condensed consolidated financial statements of this announcement.

For details of the one-off profit and loss, please refer to the section headed “Financial Results and Analysis” of this announcement (page 38).

* For illustration purpose only.

The board of directors (the “**Board**”) of CGN Power Co., Ltd.* (the “**Company**”, “**we**” or “**us**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended June 30, 2018 (the “**Period**” or “**Reporting Period**”) together with the comparative figures for the corresponding period in 2017. This results announcement is prepared in accordance with International Accounting Standard 34 (“**IAS 34**”) “Interim Financial Reporting”, issued by the International Accounting Standards Board and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

OVERVIEW

In the first half of 2018, China’s economy was generally stable with a positive trend, leading to an increase in the growth rate of total power consumption in China. The growth rate of installed capacity within China slowed down, the growth rate of power consumption in China outpaced the growth of installed capacity, and the utilization hours of power generating facilities increased over the corresponding period of the previous year. The condition of slight oversupply of power in China was improved. The national power system reform continued to proceed, and the share of marketized electricity traded in each region further expanded.

We adhere to the basic principle of “Safety First, Quality Foremost, Pursuit of Excellence”, strive to commit the safe and stable operation of all units in operation, ensure a safe and orderly progression of units under construction, and actively deal with the challenges and opportunities brought by the changes in the external environment of the Company.

As of June 30, 2018, the Group managed a total of 20 nuclear power generating units in operation, with a total installed capacity of 21,470 MW, and achieved an on-grid power generation of 71,405.11 GWh, representing an increase of 12.49% over the corresponding period of 2017. Our on-grid nuclear power generation in effect represented a reduction of approximately 57.70 million tons of carbon dioxide emissions. Our subsidiaries achieved an on-grid power generation of 59,917.46 GWh, representing an increase of 9.23% over the corresponding period of 2017.

As of June 30, 2018, eight nuclear power generating units were under construction, with a total installed capacity of 10,270 MW. All units under construction complied with all regulatory requirements in respect of safety and quality management. The project construction was under steady progress as planned. Of which, Yangjiang Unit 5 and Taishan Unit 1 completed the first grid connection for power generation on May 23, 2018 and June 29, 2018, respectively; and Fangchenggang Unit 3 entered into the equipment installation phase on May 23, 2018.

FINANCIAL INFORMATION

The financial information set out below in this announcement is extracted from the Company's 2018 interim report. Such financial information has been reviewed by the audit and risk management committee of the Board (the "**Audit and Risk Management Committee**") and Deloitte Touche Tohmatsu, the external auditor of the Company, and has been approved by the Board.

For more detailed analysis on changes of important data contained in the financial information, please refer to the section headed "Finance, Assets and Investments" in this announcement.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended June 30, 2018

		For the six months ended June 30,	
	NOTES	2018	2017
		RMB'000	RMB'000
		(Unaudited)	(Unaudited and restated)
Revenue	4	23,007,348	21,410,456
Less: Tax surcharge		(276,234)	(277,813)
Cost of sales and services		(12,570,972)	(10,748,251)
Gross profit		10,160,142	10,384,392
Other income	5	1,186,556	1,118,950
Net gain arising from changes in fair value of derivative financial instruments at fair value through profit of loss		2,366	35,160
Selling and distribution expenses		(44,797)	(40,822)
Other expenses		(170,281)	(196,108)
Administrative expenses		(978,373)	(983,476)
Other gains and losses	6	81,261	1,398,707
Impairment loss, net of reversal	7	2,454	2,111
Share of results of associates		342,587	253,573
Share of results of a joint venture		(179)	3,320
Finance costs	8	(2,972,352)	(3,149,914)
Profit before taxation	9	7,609,384	8,825,893
Taxation	10	(782,463)	(1,018,947)
Profit for the period		6,826,921	7,806,946

	NOTES	For the six months ended June 30,	
		2018	2017
		RMB'000	RMB'000
		(Unaudited)	(Unaudited and restated)
Other comprehensive (expenses) income:			
Items that will not be reclassified to profit or loss:			
– Fair value loss on			
Investments in equity instruments at fair value			
through other comprehensive income		(60,919)	–
– Income tax relating to items that			
will not be reclassified to profit or loss		9,138	–
– Share of other comprehensive income of an associate,			
net of related income tax		67,585	–
		15,804	–
Items that may be reclassified subsequently			
to profit or loss			
– Exchange differences arising on			
translation of a subsidiary		26,917	(158,612)
– Share of other comprehensive			
income (expenses) of associates		–	(94,331)
– Others		(2,310)	(3,558)
		24,607	(256,501)
Other comprehensive income (expenses) for the period,			
net of income tax		40,411	(256,501)
Total comprehensive income for the period		6,867,332	7,550,445
Profit for the period attributable to:			
Owners of the Company		4,375,919	6,090,204
Non-controlling interests		2,451,002	1,716,742
		6,826,921	7,806,946
Total comprehensive income for the period			
attributable to:			
Owners of the Company		4,409,690	5,873,471
Non-controlling interests		2,457,642	1,676,974
		6,867,332	7,550,445
Earnings per share attributable to owners			
of the Company, basic (RMB)	11	0.096	0.134

**CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**

As at June 30, 2018

	NOTES	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited and restated)
NON-CURRENT ASSETS			
Property, plant and equipment		282,043,485	277,280,937
Intangible assets		3,747,971	3,695,173
Investment properties		223,310	239,670
Goodwill		419,243	419,243
Interests in associates		9,080,911	8,346,444
Interests in a joint venture		17,008	17,187
Available-for-sale investments		—	195,310
Equity instruments at fair value through other comprehensive income		448,265	—
Deferred tax assets		1,573,678	1,552,572
Derivative financial instruments		4,473	1,857
Prepayments and value-added tax recoverable	13	5,734,856	6,688,555
Prepaid lease payments		3,434,804	3,485,679
Deposits for property, plant and equipment		1,069,091	1,233,431
		307,797,095	303,156,058

		At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited and restated)
CURRENT ASSETS			
Inventories		19,693,556	19,738,837
Amounts due from customers for contract work		—	6,819,200
Prepaid lease payments		100,240	98,168
Trade and bills receivables	12	5,544,960	6,648,971
Contract assets		4,662,639	—
Prepayments and other receivables	13	8,180,107	9,098,683
Amounts due from related parties		861,222	1,619,516
Derivative financial instruments		2,679	2,735
Restricted bank deposits		11,595	11,367
Other deposits over three months		2,158,000	2,023,000
Cash and cash equivalents		14,399,080	10,352,461
		55,614,078	56,412,938

		At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited and restated)
CURRENT LIABILITIES			
Trade and other payables	14	17,119,551	24,213,296
Amounts due to customers for contract work		—	499,175
Amounts due to related parties	15	5,789,813	2,997,264
Loans from ultimate holding company	16	800,000	800,000
Loans from fellow subsidiaries	16	120,213	1,501,560
Loans from an associate	16	4,613,795	4,405,803
Loans from non-controlling interests	16	1,235,528	1,255,996
Income tax payable		497,912	671,399
Provisions		620,301	1,187,124
Contract liabilities		2,147,831	—
Bank borrowings - due within one year		16,966,019	21,904,038
Notes payable - due within one year		2,200,000	1,000,000
Derivative financial instruments		28,844	31,560
		52,139,807	60,467,215
NET CURRENT ASSETS (LIABILITIES)		3,474,271	(4,054,277)
TOTAL ASSETS LESS CURRENT LIABILITIES		311,271,366	299,101,781

		At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited and restated)
NON-CURRENT LIABILITIES			
Bank borrowings - due after one year		182,220,246	178,631,086
Notes payable - due after one year		7,291,513	6,995,867
Deferred tax liabilities		1,801,053	1,565,735
Deferred income		1,066,227	995,286
Provisions		3,369,515	3,244,866
Loans from fellow subsidiaries	16	3,865,273	1,750,500
Loans from an associate	16	3,038,125	3,130,897
Staff cost payables		49,036	24,950
		202,700,988	196,339,187
NET ASSETS		108,570,378	102,762,594
CAPTITAL AND RESERVES			
Share capital		45,448,750	45,448,750
Reserves		22,273,546	20,618,382
Equity attributable to owners of the Company		67,722,296	66,067,132
Non-controlling interests		40,848,082	36,695,462
TOTAL EQUITY		108,570,378	102,762,594

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2018

	For the six months ended June 30,	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited and restated)
Operating activities		
Profit before taxation	7,609,384	8,825,893
Adjustment for:		
Loss (gain) arising from changes in fair value of cash settled share based payment	24,086	(1,889)
Provisions for nuclear power operation	636,220	595,809
Depreciation of property, plant and equipment	3,582,462	3,289,296
Amortization of prepaid lease payments	41,019	45,717
Depreciation of investment properties	12,776	9,368
Amortization of intangible assets	146,455	131,407
Finance costs	2,972,352	3,149,914
Reversal of allowance for trade and other receivables	(2,490)	(2,111)
Allowance for other receivables	36	—
Allowance for inventories	—	274
Loss on disposals of property, plant and equipment	17,563	1,524
Gain from disposal of a subsidiary	—	(71,520)
Gain on remeasurement of previously held interest in a joint venture becoming a subsidiary	—	(1,785,082)
Net unrealized fair value change in derivative financial instruments	(2,245)	(70,948)
Government grant related to assets	(33,307)	(25,727)
Interest income	(127,507)	(94,774)
Share of results of a joint venture	179	(3,320)
Share of results of associates	(342,587)	(253,573)
Unrealized net exchange (gain) loss	(263,679)	442,549

	For the six months	
	ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Operating cash flows before movements in working capital	14,270,717	14,182,807
Decrease (increase) in inventories	45,281	(623,485)
Decrease in trade and other receivables	4,297,076	1,488,092
(Decrease) increase in trade and other payables	(5,879,263)	1,229,347
Decrease (increase) in amounts due from customers for contract work/ contract assets	1,653,976	(918,203)
Increase (decrease) in amounts due to customers for contract work/ contract liabilities	1,648,656	(452,998)
Decrease in nuclear power provision	(1,187,125)	(1,062,707)
Decrease in net derivative financial liabilities	(3,031)	(899)
	<hr/>	<hr/>
Cash generated from operations	14,846,287	13,841,954
Income tax paid	(740,579)	(1,026,970)
	<hr/>	<hr/>
Net cash generated from operating activities	14,105,708	12,814,984

	For the six months	
	ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Investing activities		
Interests received	55,861	55,243
Deposits paid and purchase of property, plant and equipment	(7,850,861)	(8,255,844)
Addition to intangible assets	(227,191)	(221,951)
Addition to prepaid lease payments	—	(1,859)
Proceeds from disposals of property, plant and equipment	37,464	3,131
Government grants received	191,019	21,189
Placement of deposits with original maturity over three months	(435,000)	(160,000)
Withdrawal of deposits with original maturity over three months	300,000	177,000
Placement of restricted bank deposits	(228)	(14,493)
Withdrawal of restricted bank deposits	—	12,272
Capital contributions to associates	(258,213)	(39,600)
Dividends received from an associate	13,637	15,992
Dividends received from a joint venture	5,642	—
Dividends received from available-for-sale investments	31,078	7,217
Net cash inflow on acquisition of a subsidiary	—	108,552
Advance to related parties	421,536	(206,834)
Repayment from related parties	17,991	176,671
Payment on acquisition of subsidiaries	(232,680)	(2,400,000)
Net cash used in investing activities	(7,929,945)	(10,723,314)

	For the six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Financing activities		
Capital injections from non-controlling interests	3,084,284	216,200
Interest paid	(5,007,131)	(4,723,002)
Loans from an associate	7,235,501	11,054,000
Repayments to an associate	(7,119,663)	(10,632,612)
Loans from fellow subsidiaries	2,246,716	500,007
Repayments of loans from fellow subsidiaries	(1,512,159)	(501,246)
Repayments of loans from ultimate holding company	—	(225,500)
Proceeds from bank borrowings	11,365,595	19,593,523
Repayments of bank borrowings	(12,522,124)	(15,728,128)
Loans from non-controlling interests	197,000	—
Repayment of loans from non-controlling interests	(197,000)	—
Proceeds from issuing notes payable	1,994,500	—
Repayments of notes payable	(500,000)	(600,000)
Dividends paid to non-controlling interests	(1,779,022)	(1,730,589)
Advance from related parties	421,902	462,940
Repayment to related parties	—	(270,528)
Net cash used in financing activities	(2,091,601)	(2,584,935)
Net increase (decrease) in cash and cash equivalents	4,084,162	(493,265)
Cash and cash equivalents at the beginning of the period	10,352,461	8,681,419
Effects of exchange rate changes	(37,543)	(27,618)
Cash and cash equivalents at the end of the period	<u>14,399,080</u>	<u>8,160,536</u>

Notes to the Condensed Consolidated Financial Statements

1. GENERAL INFORMATION

The Company was established in the People's Republic of China (the "PRC") on March 25, 2014 (the "Date of Establishment") as a joint stock company with limited liability under the Company Law of the PRC and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on December 10, 2014.

The parent and the ultimate holding company of the Company is China General Nuclear Power Corporation ("CGNPC"), a state-owned enterprise in the PRC controlled by the State-Owned Assets Supervision and Administration Commission of the State Council (the "SASAC").

The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company and its principal subsidiaries.

2. BASIS OF PRESENTATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting issued by the International Accounting Standards Board ("IASB") as well as with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

On March 8, 2018, the Company entered into an equity transfer agreement to acquire the equity interests in three companies (the "Acquired Companies"). The transactions were completed on April 30, 2018. As the Company and the Acquired Companies are under the same control of CGNPC, the above acquisitions constitute business combinations under the same control. The assets and liabilities of the Acquired Companies have been recognised in the Group's consolidated financial statements using the carrying amount historically recognised in the CGNPC's consolidated financial statements. The consolidated financial statements of the Group have been restated as if the merger had taken place prior to the commencement of the earliest period presented.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2017.

In the current interim period, in preparing the condensed consolidated financial statements, the Group has applied, for the first time, new and revised International Financial Reporting Standards ("IFRSs") issued by the IASB that are mandatorily effective for the annual periods beginning on or after January 1, 2018.

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
IFRIC 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 28	As part of the Annual Improvements to IFRS Standards 2014–2016 Cycle
Amendments to IAS 40	Transfers of Investment Property

The new and amendments to IFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

3.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers

The Group has applied IFRS 15 for the first time in the current interim period. IFRS 15 superseded IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations.

Summary of effects arising from initial application of IFRS 15

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at January 1, 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts Previously reported at December 31, 2017	Reclassification RMB'000	Carrying amounts Under IFRS 15 at January 1, 2018*
	RMB'000	RMB'000	RMB'000
Current Assets			
Contract assets	—	6,819,200	6,819,200
Amounts due from customers for contract work	6,819,200	(6,819,200)	—
Current Liabilities			
Contract liabilities	—	5,104,187	5,104,187
Amounts due to customers for contract work	499,175	(499,175)	—
Trade and other payables	24,213,296	(4,605,012)	19,608,284

* The amounts in this column are before the adjustments from the application of IFRS 9.

In relation to construction contracts previously accounted under IAS 11, the Group continues to apply input method in estimating the performance obligations satisfied up to date of initial application of IFRS 15. Approximately RMB6,819,200,000 of amounts due from customers for contract work were reclassified to contract assets, and approximately RMB499,175,000 and RMB4,605,012,000 of amounts due to customers for contract work and receipts in advance included in trade and other payables, respectively, were reclassified to contract liabilities.

The following table summarises the impacts of applying IFRS 15 on the Group's condensed consolidated statement of financial position as at June 30, 2018 and condensed consolidated statement of profit or loss and other comprehensive income in the current interim period for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on condensed consolidated statement of financial position

	As reported	Adjustments	Amounts without application of IFRS 15
	RMB'000	RMB'000	RMB'000
Current Assets			
Contract assets	4,662,639	(4,662,639)	—
Amounts due from customers for contract work	—	4,662,639	4,662,639
Current Liabilities			
Contract liabilities	2,147,831	(2,147,831)	—
Amounts due to customers for contract work	—	1,075,427	1,075,427
Trade and other payables	17,119,551	1,072,404	18,191,955

3.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments

In the current period, the Group has applied IFRS 9 Financial instruments and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses (“ECL”) for financial assets, contract assets and other items, and 3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at January 1, 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at January 1, 2018. The difference between carrying amounts as at December 31, 2017 and the carrying amounts as at January 1, 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 Financial Instruments: Recognition and Measurement.

Summary of effects arising from initial application of IFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets under IFRS 9 and IAS 39 at the date of initial application, January 1, 2018.

		Interests in associates	Available- for-sale	Equity instruments at fair value through profit and loss	Deferred tax liabilities	Reserves	Statutory Surplus Reserve	Retained earnings
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Closing balance at								
December 31, 2017								
	- IAS 39	8,346,444	195,310	—	1,565,735	70,356	3,217,532	16,195,154
Reclassification								
From available-for-sale								
	investments to FVTOCI	(a)	—	(195,310)	195,310	—	—	—
	Interests in associates	(b)	—	—	—	(57,902)	5,790	52,112
Remeasurement								
From available-for-sale								
	investments to FVTOCI	(a)	131,141	—	313,874	47,081	266,793	—
	Interests in associates	(b)	131,141	—	—	131,141	—	—
Opening balance at								
	January 1, 2018	<u>8,477,585</u>	<u>—</u>	<u>509,184</u>	<u>1,612,816</u>	<u>410,388</u>	<u>3,223,322</u>	<u>16,247,266</u>

(a) *From available-for-sale investments to fair value through other comprehensive income*

The Group elected to present in other comprehensive income the fair value changes of equity investments previously classified as available-for-sale, of which approximately RMB195,310,000 related to unquoted equity investments previously measured at cost less impairment under IAS 39. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of IFRS9, approximately RMB195,310,000 was reclassified from available-for-sale investments to equity instrument at fair value through other comprehensive income, which was related to unquoted equity investments previously measured at cost less impairment under IAS 39. The fair value gains of approximately RMB313,874,000 relating to those unquoted equity investments previously carried at cost less impairment were adjusted to equity instruments at FVTOCI and other reserve on January 1, 2018 and approximately RMB47,081,000 of the deferred tax liabilities arising from such fair value gains was recorded.

(b) *Interests in associates*

The net effect arising from the initial application of IFRS 9 has resulted in an increase of approximately RMB131,141,000 in the carrying amounts of the interests of associates, and the corresponding adjustment of RMB5,790,000, RMB52,112,000 and RMB73,239,000 in statutory surplus reserve, retained earnings and other reserves was the net effect after taking into account the deferred tax.

Except as described above, the application of other amendments to IFRSs in the current interim period has had no material effect on the amounts reported and disclosures set out in these condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Revenue mainly represents revenue arising from sales of electricity derived from nuclear power plants.

An analysis of the Group's revenue for each reporting period is as follows:

	For the six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Sales of electricity	21,177,021	20,122,962
Revenue from design and construction contracts	1,302,698	888,821
Revenue from technical and training service	364,861	314,036
Sales of equipment and other goods	162,768	84,637
	<u>23,007,348</u>	<u>21,410,456</u>

Information reported to the board of directors of the Company, being the chief operating decision makers (“**CODM**”) of the Group, for the purposes of resources allocation and assessment of performance focuses on the types of goods or services delivered or provided.

The Group had two reportable segments, namely (i) nuclear power operation and sales of electricity and related technical services segment; and (ii) engineering construction and technical services segment.

The CODM regularly review sales reports, electricity supply reports and construction progress reports. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the group companies is identified as an operating segment in accordance with IFRS 8, which represents a strategic business unit that offers products and services which are subject to risks and returns that are different from another operating segment. When the group companies are operating in similar business model with similar target group of customers, the group companies are aggregated as a reporting segment. Summarized details of the reportable segments are as follows:

- (i) the nuclear power operation and sales of electricity and related technical services segment which mainly generates revenue from sales of electricity through nuclear power operation; and
- (ii) the engineering construction and technical services segment which generates revenue from design and construction of nuclear power plants, technical and training service, sales of equipment and other goods.

The accounting policies of the operating segments are the same as the Group's accounting policies. The segment revenue is the same as the Group's revenue. Segment profit is the Group's profit before taxation without taking into account of unrealized gain arising from changes in fair value of derivative financial instruments, share of results of the Group's associates and joint ventures. This is the measure reported to the CODM for resources allocation and performance assessment.

Segment revenue and results

The following table presents revenue and results by reportable segments.

	For the six months ended June 30, 2018 (Unaudited)				
	Nuclear power operation and sales of electricity and related technical services segment RMB'000	Engineering Construction and technical services segment RMB'000	Subtotal RMB'000	Elimination RMB'000	Total RMB'000
Revenue					
External sales	21,623,096	1,384,252	23,007,348	—	23,007,348
Inter-segment sales	92,806	4,578,198	4,671,004	(4,671,004)	—
Segment revenue	<u>21,715,902</u>	<u>5,962,450</u>	<u>27,678,352</u>	<u>(4,671,004)</u>	<u>23,007,348</u>
Segment profit before taxation reported to the CODM	7,523,976	44,647	7,568,623	(303,892)	7,264,731
Add: Net unrealized gain arising from changes in fair value of derivative financial instruments	2,245	—	2,245	—	2,245
Add: Share of results of associates	306,215	5,449	311,664	30,923	342,587
Add: Share of results of a joint venture	(179)	—	(179)	—	(179)
Group's profit before taxation	<u>7,832,257</u>	<u>50,096</u>	<u>7,882,353</u>	<u>(272,969)</u>	<u>7,609,384</u>

For the six months ended June 30, 2017 (Unaudited and restated)

	Nuclear power operation and sales of electricity and related technical services segment RMB'000	Engineering Construction and technical services segment RMB'000	Subtotal RMB'000	Elimination RMB'000	Total RMB'000
Revenue					
External sales	20,480,373	930,083	21,410,456	–	21,410,456
Inter-segment sales	160,035	4,099,921	4,259,956	(4,259,956)	–
Segment revenue	<u>20,640,408</u>	<u>5,030,004</u>	<u>25,670,412</u>	<u>(4,259,956)</u>	<u>21,410,456</u>
Segment profit before taxation reported to the CODM	8,608,135	17,162	8,625,297	(127,245)	8,498,052
Add: Net unrealized gain arising from changes in fair value of derivative financial instruments	70,948	–	70,948	–	70,948
Add: Share of results of associates	105,060	121,853	226,913	26,660	253,573
Add: Share of results of joint ventures	3,320	–	3,320	–	3,320
Group's profit before taxation	<u>8,787,463</u>	<u>139,015</u>	<u>8,926,478</u>	<u>(100,585)</u>	<u>8,825,893</u>

Inter-segment sales are charged at prevailing government-prescribed price, government-guided price or market prices.

Geographical information

	Revenue from end customers		Non-current assets	
	For the six months ended		As at	As at
	June 30,	June 30,	June 30,	December 31,
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)	(Unaudited)	(Audited and restated)
Mainland China	20,673,718	18,622,338	307,748,189	303,105,108
Overseas	2,333,630	2,788,118	48,906	50,950
	<u>23,007,348</u>	<u>21,410,456</u>	<u>307,797,095</u>	<u>303,156,058</u>

Information about major customers

Revenue from customers of the corresponding periods contributing over 10% of the total sales of the Group are as follows:

	For the six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Entities under control by the PRC Government (excluding entities under control by CGNPC and an associate) ¹	18,884,816	17,334,845
Entities under control by CGNPC ²	527,013	350,747
An associate ²	1,089,507	731,493
Hong Kong Nuclear Investment Co., Ltd. ¹	N/A³	2,788,118

¹ revenue from sales of electricity to power grids and revenue from a non-controlling shareholder with significant influence over the relevant subsidiary, from nuclear power operation and sales of electricity and related technical services segment.

² revenue from design and construction contracts, technical and training service, and sales of equipment and other goods to related parties from both segments.

³ the corresponding revenue does not contribute more than 10% of the total revenue of the Group.

Segment assets and liabilities

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited and restated)
Segment assets		
Nuclear power operation and sales of electricity and related technical services segment	345,671,745	339,381,797
Engineering construction and technical services segment	20,342,169	24,198,771
Total segment assets	366,013,914	363,580,568
Unallocated assets	9,105,071	8,368,223
Elimination	(11,707,812)	(12,379,795)
Total assets	363,411,173	359,568,996
Segment liabilities		
Nuclear power operation and sales of electricity and related technical services segment	244,989,010	243,655,682
Engineering construction and technical services segment	18,479,800	22,642,963
Total segment liabilities	263,468,810	266,298,645
Unallocated liabilities	28,844	31,560
Elimination	(8,656,859)	(9,523,803)
Total liabilities	254,840,795	256,806,402

5. OTHER INCOME

	For the six months ended June 30,	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited and restated)
Value-added tax refunds (note a)	1,005,077	979,745
Interest income from bank deposits	26,229	14,300
Interest income from an associate	101,278	80,474
Rental income	3,056	7,783
Government grants		
– related to expenses items (note b)	17,609	10,921
– related to assets	33,307	25,727
	1,186,556	1,118,950

Notes:

- (a) Ling Ao Nuclear Power Co, Ltd. (嶺澳核電有限公司) (“**Ling’ao Nuclear**”), Ling Dong Nuclear Power Co, Ltd. (嶺東核電有限公司) (“**Lingdong Nuclear**”), Yangjiang Nuclear Power Co., Ltd. (陽江核電有限公司) (“**Yangjiang Nuclear**”), Guangxi Fangchenggang Nuclear Power Co., Ltd. (廣西防城港核電有限公司) (“**Fangchenggang Nuclear**”) and Ningde Nuclear, subsidiaries of the Company, are entitled to the value-added tax refund for the first 15 years for their revenue from the sales of electricity since the second month of commencement of reactor projects’ commercial operation. There were no conditions or limitations attached to these valued-added tax refunds. Value-added tax refunds are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them (if applicable) and that the refunds will be received.
- (b) The amounts represent incentives from various PRC government authorities in connection with the enterprise expansion support, technology advancement support and product development support for the six months ended June 30, 2018, which had no conditions imposed by the respective PRC government authorities.

6. OTHER GAINS AND LOSSES

	For the six months ended June 30,	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited and restated)
Net foreign exchange gain (loss)	106,819	(455,967)
Loss on disposals of property, plant and equipment	(17,563)	(1,524)
Gain from disposal of a subsidiary	—	71,520
Gain on remeasurement of previously held interest in a joint venture becoming a subsidiary	—	1,785,082
Others	(7,995)	(404)
	<u>81,261</u>	<u>1,398,707</u>

7. IMPAIRMENT LOSS, NET OF REVERSAL

	For the six months ended June 30,	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited and restated)
Allowance for other receivables	(36)	—
Reversal of allowance for trade and other receivables	2,490	2,111
	<u>2,454</u>	<u>2,111</u>

8. FINANCE COSTS

	For the six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Interest on bank borrowings	4,419,753	4,285,587
Interest on notes payable	189,369	321,377
Interest on loans from ultimate holding company	14,872	107,203
Interest on loans from fellow subsidiaries	118,161	68,385
Interest on loans from an associate	157,883	151,193
Interest on loans from non-controlling interests	17,130	—
Interests relating to provision for nuclear power plant decommissioning	95,554	90,502
Total interest expenses	5,012,722	5,024,247
Less: capitalized in construction in progress	(2,040,370)	(1,874,333)
Total finance costs	<u>2,972,352</u>	<u>3,149,914</u>

Borrowing costs were capitalized to the construction of the nuclear power plants based on the effective interest rates of bank and other borrowings obtained for the construction work.

9. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging (crediting):

	For the six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Directors' emoluments	1,086	1,029
Supervisors' emoluments	1,449	1,982
Other staff costs:		
Salaries and other benefits	3,892,776	3,636,745
Retirement benefit scheme contributions	272,803	235,074
	<hr/>	<hr/>
Total staff costs	4,168,114	3,874,830
Less: Capitalized in construction in progress	(1,444,342)	(1,398,475)
Less: Capitalized in intangible assets	(84,852)	(71,582)
	<hr/>	<hr/>
	2,638,920	2,404,773
	<hr/>	<hr/>
Depreciation and amortization of:		
Property, plant and equipment	3,675,187	3,379,163
Less: Capitalized in construction in progress	(92,725)	(89,867)
	<hr/>	<hr/>
	3,582,462	3,289,296
	<hr/>	<hr/>
Prepaid lease payments	50,120	54,383
Less: Capitalized in construction in progress	(9,101)	(8,666)
	<hr/>	<hr/>
	41,019	45,717
	<hr/>	<hr/>
Intangible assets	146,455	131,407
Investment properties	12,776	9,368
	<hr/>	<hr/>
	3,782,712	3,475,788
	<hr/> <hr/>	<hr/> <hr/>

	For the six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Allowance on inventories	—	274
Reversal of allowance for trade and other receivables	(2,490)	(2,111)
Allowance for other receivables	36	—
Cost of generating electricity recognized as expenses	10,172,378	8,978,882
Unrealized gain arising from fair value change in derivative financial instruments and liabilities	(2,245)	(70,948)
Realized (gain) and loss arising from financial assets and liabilities at fair value through profit and loss	(121)	35,788
Gross rental income from investment properties	(3,056)	(7,783)
Less: Direct operating expenses including depreciation of investment properties and expenses incurred for generating rental income	11,514	15,082
	8,458	7,299
Research and development expenses	170,281	196,108
Provision for spent fuel management (included in cost of sales)	620,302	586,592
Provision for low and medium level radioactive waste management (included in cost of sales)	15,918	9,217
Operating lease rentals in respect of rented premises	156,258	156,630

10. TAXATION

	For the six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
PRC Enterprise Income Tax (“EIT”)		
– Current year	811,060	845,108
– (Over) underprovision in prior years	(2,447)	13,975
	808,613	859,083
Deferred taxation	(26,150)	159,864
	782,463	1,018,947
Taxation	782,463	1,018,947

The Company and its subsidiaries are subject to EIT at 25%, except for the following subsidiaries which enjoyed certain tax exemption and relief.

China Nuclear Power Design Co., Ltd. (Shenzhen) (深圳中廣核工程設計有限公司), China Nuclear Power (Beijing) Simulation Technology Corporation Ltd. (中廣核(北京)仿真技術有限公司), CGN Inspection Technology Co., Ltd. (中廣核檢測技術有限公司), Suzhou Nuclear Power Research Institute (蘇州熱工研究院有限公司), Guangdong Nuclear Power Joint Venture Co, Ltd. (廣東核電合營有限公司), China Nuclear Power Technology Research Institute (中廣核研究院有限公司), Ling’ao Nuclear, Lingdong Nuclear and China Nuclear Power Engineering Co., Ltd. (中廣核工程有限公司) (“**CGN Engineering**”) were approved to enjoy the preferential tax rate of 15% in accordance with the relevant EIT laws and regulations for the six months ended June 30, 2018 and 2017.

Yangjiang Nuclear, Fangchenggang Nuclear, Taishan Nuclear Power Joint Venture Co., Ltd. (台山核電合營有限公司) (“**Taishan Nuclear**”), CGN Lufeng Nuclear Power Co., Ltd. (中廣核陸豐核電有限公司) (“**Lufeng Nuclear**”) and Ningde Nuclear, being enterprises engaged in public infrastructure project, were entitled to tax holiday of three years for EIT followed by a 50% EIT exemption for the next three years commencing from their first revenue generating year.

Pursuant to the Supplementary Notice of Tax Benefit Scheme in relation to Public Infrastructure Project 《關於公共基礎設施項目享受企業所得稅優惠政策問題的補充通知》 issued in July 2014, the tax authority clarified that for these public infrastructures which were approved as a whole and constructed at batches, the first revenue generating year of public infrastructure project should be based on each batch (such as individual reactor project) instead of the legal entity as a whole.

The first revenue generating year of four reactor projects of Yangjiang Nuclear commenced in 2014, 2015, 2016 and 2017 respectively. The applicable tax rate for Yangjiang Nuclear’s first and second reactor projects was 12.5% for the six months ended June 30, 2018. The applicable tax rate for Yangjiang Nuclear’s first reactor project was 12.5% for the six months ended June 30, 2017 while the second reactor project was tax exempted for the six months ended June 30, 2017. The third and fourth reactor projects were tax exempted for the six months ended June 30, 2018 and 2017.

The first revenue generating year of two reactor projects of Fangchenggang Nuclear commenced in 2016. Therefore, Fangchenggang Nuclear was tax exempted for the six months ended June 30, 2018 and 2017.

The first revenue generating year of four reactor projects of Ningde Nuclear commenced in 2013, 2014, 2015 and 2016 respectively. The applicable tax rate for Ningde Nuclear's first two reactor projects was 12.5% for the six months ended June 30, 2018 while the fourth reactor project was tax exempted for the six months ended June 30, 2018. The applicable tax rate for Yangjiang Nuclear's second reactor project was 12.5% for the six months ended June 30, 2017 and the remaining two reactor projects were tax exempted for the six months ended June 30, 2017.

Taishan Nuclear and Lufeng Nuclear have not yet commenced generating electricity nor earned profit as at June 30, 2018.

11. EARNINGS PER SHARE

The basic earnings per share is calculated based on the profit for the period attributable to the owners of the Company and the number of ordinary shares for each reporting period.

	For the six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Profit for the period attributable to the owners of the Company (RMB'000)	4,375,919	6,090,204
Number of ordinary shares (in million)	45,449	45,449
Basic earnings per share (RMB)	<u>0.096</u>	<u>0.134</u>

No diluted earnings per share is presented for the six months ended June 30, 2018 and 2017, since there is no potential ordinary shares in issue during both periods.

12. TRADE AND BILLS RECEIVABLES

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited and restated)
Amounts due from third parties	4,208,004	4,461,832
Less: allowance of doubtful debts	(32,159)	(34,649)
	<u>4,175,845</u>	<u>4,427,183</u>
Amount due from ultimate holding company	4,462	4,798
Amounts due from associates	391,586	1,575,726
Amounts due from fellow subsidiaries	351,954	176,263
Amount due from associates of CGNPC	—	203,843
Amount due from a non-controlling interests with significant influence over the relevant subsidiary	573,037	222,636
Bills receivables	48,076	38,522
	<u>5,544,960</u>	<u>6,648,971</u>

The following is an analysis of trade receivables by age, net of allowance for doubtful debts presented based on the invoice date at the end of each reporting period:

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited and restated)
1 day to 30 days	4,936,788	4,861,895
31 days to 1 year	471,525	659,410
1 year to 2 years	110,123	628,777
2 years to 3 years	22,387	37,969
Over 3 years	4,137	460,920
	<u>5,544,960</u>	<u>6,648,971</u>

Trade receivables from third parties and bills receivables of the Group, as well as amount due from a non-controlling interests with significant influence on the relevant subsidiary, primarily represent receivables from grid companies. The credit terms granted to grid companies on the sales of electricity are 30 days. On June 30, 2018, except for an amount of RMB32,159,000 (December 31, 2017: RMB34,649,000) aged above one year which was past due and fully impaired as the recoverability was considered as unlikely, trade receivables due from third parties amounting to approximately RMB4,175,845,000 (December 31, 2017: RMB4,427,183,000) and the amount due from a non-controlling interests with significant influence over the relevant subsidiary of RMB573,037,000 (December 31, 2017: RMB222,636,000) was neither past due nor impaired and had good credit quality assessed by the management of the Group.

For other related parties, the Group has granted different credit periods according to the contracts and all the balances are neither past due nor impaired.

The Group pledged trade receivables from grid companies resulting from the pledge of tariff collection rights with carrying amount of approximately RMB3,205,244,000 (December 31, 2017: RMB3,273,348,000) to secure loan facilities granted to the Group as at the end of the Reporting Period.

13. PREPAYMENTS AND OTHER RECEIVABLES

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited and restated)
Value-added tax recoverable	8,335,173	9,647,660
Prepayments to third parties for materials and consumable parts	4,519,254	4,695,851
Prepayments to fellow subsidiaries for nuclear and other materials	357,901	653,303
Prepayments to an associate for materials	537,785	607,791
Prepayments for rental expenses	17,523	18,176
Others	147,327	164,457
	13,914,963	15,787,238
Analysed for financial reporting purpose:		
Non-current (note)	5,734,856	6,688,555
Current	8,180,107	9,098,683
	13,914,963	15,787,238

Note: The amount represents value-added tax, which arose from the purchases of equipment and was not expected to be utilized within one year from the end of the respective reporting period. The value-added tax is expected to be utilized in offsetting the value-added tax payable arising from the Group's revenue.

14. Trade and other payables

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited and restated)
Amounts due to third parties	3,702,535	5,006,547
Amounts due to fellow subsidiaries	525,240	744,328
Total trade payables	4,227,775	5,750,875
Receipts in advance from ultimate holding company	—	17,310
Receipts in advance from associates	—	4,458,016
Receipts in advance from fellow subsidiaries	—	24,772
Receipts in advance from third parties	—	104,914
Total receipts in advance	—	4,605,012
Construction payables to third parties	10,192,000	10,969,640
Construction payables to fellow subsidiaries	71,680	365,341
Construction payables to non-controlling interests with significant influence over the relevant subsidiary	101,704	69,802
Construction payables to ultimate holding company	13,044	13,639
Construction payables to associates	137,795	177,483
Value-added tax and other tax payables	1,629,045	1,724,456
Staff cost payables	103,652	37,010
Interest on notes payable	149,584	163,972
Other payables and accruals to third parties	493,272	336,066
Total other payables	12,891,776	13,857,409
	17,119,551	24,213,296

Receipts in advance previously included in trade and other payables were reclassified to contract liabilities on January 1, 2018 under adoption of IFRS 15.

The credit period on purchases of goods ranges from 180 days to 360 days. The Group has financial risk management policies in place to ensure all payables are settled within the credit frame.

Other payables mainly include payable for outstanding operating expenses. The balances are unsecured, interest-free and repayable on demand.

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited and restated)
Within 1 year	<u>4,227,775</u>	<u>5,750,875</u>

15. AMOUNTS DUE TO RELATED PARTIES

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited and restated)
Dividend payable to ultimate holding company	1,984,012	—
Dividend payable to Guangdong Hengjian Investment Holdings Co., Ltd., a non-controlling shareholder of the Company	233,139	—
Dividend payable to China National Nuclear Corporation, a non-controlling shareholder of the Company	114,238	—
Dividends payable to H shareholders	778,264	—
Dividends payable to non-controlling interests	1,261,336	2,019,586
Other payable to ultimate holding company	443,336	422,061
Other payable to a non-controlling equity with significant influence over the relevant subsidiary	933,189	496,889
Other payables to fellow subsidiaries	30,346	21,996
Other payables to associates	11,953	36,732
	<u>5,789,813</u>	<u>2,997,264</u>

16. LOANS FROM ULTIMATE HOLDING COMPANY/AN ASSOCIATE/FELLOW SUBSIDIARIES/ NON-CONTROLLING INTERESTS

During the six months ended June 30, 2018 and 2017, the Group has not raised new loans from the ultimate holding company, and the Group has not repaid loans from the ultimate holding company (six months ended June 30, 2017: RMB225,500,000) for the six months ended June 30, 2018.

During the six months ended June 30, 2018, the Group obtained new loans from an associate amounting to RMB7,235,501,000 (six months ended June 30, 2017: RMB11,054,000,000). All the newly raised loans from an associate carry interest at floating rates ranging from 3.92% to 4.64% per annum and are unsecured and repayable over a period of 1 month to 23 years. Except for RMB22,000,000 which is secured by trade receivables from grid companies, the other newly raised loans from an associate are unsecured. In addition, the Group repaid loans from an associate amounting to RMB7,119,663,000 (six months ended June 30, 2017: RMB10,632,612,000) during the six months ended June 30, 2018. During the six months ended June 30, 2017, the Group assumed loans from an associate amounting to RMB1,000,000,000 at the date of acquisition of Ningde Nuclear.

During the six months ended June 30, 2018, the Group obtained new loans from fellow subsidiaries amounting to RMB2,246,716,000 (six months ended June 30, 2017: RMB500,007,000). The new raised loans from fellow subsidiaries carry interest at floating rates ranging from 1.00% to 5.23% per annum and are unsecured and repayable over a period of one year to 3.5 years. In addition, the Group repaid loans from fellow subsidiaries amounting to RMB1,512,159,000 (six months ended June 30, 2017: RMB501,246,000) during the six months ended June 30, 2018.

During the six months ended June 30, 2018, the Group obtained new loans from non-controlling interests amounting to RMB197,000,000 (six months ended June 30, 2017: Nil). The new raised loans carry interest at floating rates based on benchmark interest rates of the People's Bank of China ranging and are unsecured and repayable within 1 year. In addition, the Group repaid loans from non-controlling interests amounting to RMB197,000,000 (six months ended June 30, 2017: Nil) during the six months ended June 30, 2018.

17. DIVIDENDS

During the Reporting Period, a final dividend of RMB0.068 per share in respect of the year ended December 31, 2017 was declared to owners of the Company amounting to approximately RMB3,090,517,000 in total, which was approved by the Company's shareholders at the 2017 annual general meeting convened on May 30, 2018. The Company has paid the dividend by July 31, 2018.

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2018.

Finance, Assets and Investments

Our investment and operational strategies affect our business performance, which in turn translates into the finance data combined in our financial statements.

(I) Financial Performance and Analysis

Key Financial Indicators

Item	For the six months ended June 30,	
	2018	2017 (Restated)
Indicators of profitability		
EBITDA margin (%) ⁽¹⁾	62.4	72.2
Net profit margin (%) ⁽²⁾	29.7	36.5
Indicators of investment returns		
Return on equity attributable to owners of the Company (%) ⁽³⁾	6.5	9.9
Return on total assets (%) ⁽⁴⁾	2.9	3.7
Indicators of solvency		
Interest coverage ⁽⁵⁾	2.1	2.4
Item	June 30, 2018	December 31, 2017 (Restated)
Indicators of solvency		
Asset-liability ratio (%) ⁽⁶⁾	70.1	71.4
Debt to equity ratio (%) ⁽⁷⁾	189.6	203.4

(1) The sum of profit before taxation, finance costs, depreciation and amortization divided by revenue and multiplied by 100%.

(2) Profit for the period divided by revenue and multiplied by 100%.

(3) Profit for the period attributable to owners of the Company divided by average equity attributable to owners of the Company (the arithmetic mean of the opening and closing balances) and multiplied by 100%.

(4) The sum of profit before taxation and finance costs divided by the average sum of current assets and non-current assets (the arithmetic mean of the opening and closing balances) and multiplied by 100%.

(5) The sum of profit before taxation and finance costs divided by the sum of finance costs and capitalized interest.

(6) The sum of current liabilities and non-current liabilities divided by the sum of current assets and non-current assets and multiplied by 100%.

(7) Net debt (the total amount of bank and other borrowings less cash and cash equivalents and other deposits over three months) divided by total equity and multiplied by 100%.

Financial Results and Analysis

Financial performance of the Company in the first half of 2018:

	Notes to the financial statements	For the six months ended June 30,		Movements	Percentage change
		2018	2017	increase/ (decrease)	increase/ (decrease)
		RMB'000	(Restated) RMB'000	RMB'000	%
Revenue	4	23,007,348	21,410,456	1,596,892	7.5
Cost of sales and services		12,570,972	10,748,251	1,822,721	17.0
Other income ⁽¹⁾	5	1,186,556	1,118,950	67,606	6.0
Other gains and losses ⁽²⁾	6	81,261	1,398,707	(1,317,446)	(94.2)
Share of results of associates ⁽³⁾		342,587	253,573	89,014	35.1
Finance costs	8	2,972,352	3,149,914	(177,562)	(5.6)
One-off profit and loss ⁽⁴⁾		36,512	1,931,293	(1,894,781)	(98.1)
Profit for the period attributable to the owners of the Company		4,375,919	6,090,204	(1,714,285)	(28.1)
Profit for the period attributable to the owners of the Company ⁽⁵⁾ (excluding the effect of one-off profit and loss)		4,347,816	4,541,147	(193,331)	(4.3)

- (1) Other income mainly includes value-added tax refund, interest income, rental income and government grants, of which value-added refund and interest income increased slightly as compared with the same period of the previous year.
- (2) Among the other gains and losses, the main reasons for the sharp decline in the first half of 2018 over the corresponding period of the previous year were: i) the revaluation gain of RMB 1,785.1 million from the change of Ningde Nuclear from a joint venture into a subsidiary in the same period of 2017, and ii) the effects of exchange gains and losses, the net income from foreign exchange gains and losses in the first half of 2018 was RMB106.8 million, and the income from the effect on the profit attributable to owners of the Company was RMB43.2 million, mainly due to the depreciation of Euro against RMB, the exchange rate of Euro against RMB depreciated from 7.8023 at the end of 2017 to 7.6515 at the end of June 2018. In the corresponding period of 2017, the net loss from exchange gains and losses were RMB456.0 million, and the loss from the effect on the profit attributable to owners of the Company was RMB217.6 million, mainly due to the sharp appreciation of Euro against RMB, the exchange rate of Euro against RMB rose from 7.3068 at the end of 2016 to 7.7496 at the end of June 2017.

- (3) The increase in the share of results of associates was mainly due to the increase in profit of Liaoning Hongyanhe Nuclear Power Co., Ltd. (遼寧紅沿河核電有限公司) (“**Hongyanhe Nuclear**”) over the corresponding period in 2017.
- (4) One-off profit and loss (i.e. non-recurring profit and loss as defined by the China Securities Regulatory Commission (“**CSRC**”) refers to earnings from transactions and events which are not directly related to normal business, or that are related to normal business but influence statement users’ decisions in the Group business performance and profitability due to its special nature and contingency. The one-off profit and loss for the corresponding period of 2017 was mainly the gain of RMB1,785.1 million from turning Ningde Nuclear from a joint venture into a subsidiary and the gain of RMB71.5 million on disposal of a subsidiary.
- (5) Profit for the period attributable to the owners of the Company (excluding the effects of one-off profit and loss) decreases as compared with the corresponding period of the previous year, mainly due to the overhaul of the Guangdong Nuclear Unit in the first half of 2018 as compared to the corresponding period in 2017 and the participation in the electricity market with the “full output with favourable price” model, and the completion of the transfer of 17% equity interest of Yangjiang Nuclear in December 2017 (the consideration for the transfer was approximately RMB5,300.8 million, which increased the equity attributable to owners of the Company by RMB2,549.1 million).

Revenue

	For the six months ended June 30,		Movements	Percentage
	2018	2017 (Restated)	increase/ (decrease)	change increase/ (decrease)
	RMB’000	RMB’000	RMB’000	%
Sales of electricity ⁽¹⁾	21,177,021	20,122,962	1,054,059	5.2
Revenue from design and construction contracts ⁽²⁾	1,302,698	888,821	413,877	46.6
Others	527,629	398,673	128,956	32.3
Total revenue	23,007,348	21,410,456	1,596,892	7.5

- (1) The increase in revenue from sales of electricity was primarily due to the year-on-year increase of 9.23% in our subsidiaries’ on-grid power generation, which in turn was mainly caused by the commencement of commercial operation of Yangjiang Unit 4 on March 15, 2017, and the increase in the overall power generation utilization hours of the units.
- (2) The increase in revenue from design and construction contracts was primarily due to the significant increase in the construction volume of Hongyanhe Units 5 and 6 and the preliminary work of the proposed Ningde Phase II project (including Ningde Units 5 and 6) as compared with the corresponding period of the previous year.

Cost of Sales and Services

	For the six months ended June 30,		Movements increase/ (decrease)	Percentage change increase/ (decrease)
	2018	2017 (Restated)		
	RMB'000	RMB'000	RMB'000	%
Cost of sales of electricity	10,808,598	9,574,691	1,233,907	12.9
Cost of design and construction contracts	1,308,015	860,606	447,409	52.0
Others	454,359	312,954	141,405	45.2
Total cost of sales and services	<u>12,570,972</u>	<u>10,748,251</u>	<u>1,822,721</u>	<u>17.0</u>

- (1) The increase in cost of design and construction contracts was primarily due to the significant increase in the construction volume of Hongyanhe Units 5 and 6 and the preliminary work of the proposed Ningde Phase II project (including Ningde Units 5 and 6) as compared with the corresponding period of the previous year.

Cost of Sales of Electricity

	For the six months ended June 30,		Movements increase/ (decrease)	Percentage change increase/ (decrease)
	2018	2017 (Restated)		
	RMB'000	RMB'000	RMB'000	%
Cost of nuclear fuel ⁽¹⁾	3,390,015	3,159,914	230,101	7.3
Depreciation of property, plant and equipment ⁽¹⁾	3,286,037	3,113,788	172,249	5.5
Provision for spent fuel management ⁽²⁾	620,268	586,592	33,676	5.7
Others ⁽³⁾	3,512,278	2,714,397	797,881	29.4
Total cost of sales of electricity	<u>10,808,598</u>	<u>9,574,691</u>	<u>1,233,907</u>	<u>12.9</u>

- (1) The increase in cost of nuclear fuel and depreciation of property, plant and equipment was primarily due to the commercial operation of Yangjiang Unit 4 on March 15, 2017, and the increase in electricity consumption of our subsidiaries over the corresponding period of the previous year.
- (2) The increase in provision for spent fuel management was primarily due to the fact that Ningde until started to make a provision for spent fuel management in April 2018 after the completion of its commercial operation for five years.

- (3) The increase in other costs as compared with the corresponding period of the previous year was primarily due to the increase in the number of overhauls in the first half of 2018, and Guangdong Nuclear Unit's participation in the electricity market with the "full output with favourable price" model in accordance with the requirements of the power market reform.

Financial Position

The major assets, inventories, receivables, payables and borrowings of the Company are shown in the table below. Details of the financial position are set out in the notes to the condensed consolidated financial statements.

	As at June 30, 2018 RMB'000	As at December 31, 2017 (Restated) RMB'000	Movements increase/ (decrease) RMB'000	Percentage change increase/ (decrease) %
Property, plant, equipment and intangible assets	285,791,456	280,976,110	4,815,346	1.7
Inventories	19,693,556	19,738,837	(45,281)	(0.2)
Receivables ⁽¹⁾	18,387,706	22,566,854	(4,179,148)	(18.5)
Payables ⁽²⁾	19,267,382	24,712,471	(5,445,089)	(22.0)
Bank and other borrowings ⁽³⁾	222,350,712	221,375,747	974,965	0.4

- (1) Receivables include amount due from customers for contract work, trade receivables and bills receivable, contract assets, and prepayments and other receivables in current assets. The main reason for the decrease in receivables was that CGN Engineering completed the settlement of partial work with Hongyanhe Nuclear.
- (2) Payables include trade and other payables, amounts due to customers for contract work and contract liabilities. The main reason for the decrease in payables was that CGN Engineering completed the settlement of partial work with Hongyanhe Nuclear.
- (3) Bank and other borrowings include bank borrowings, notes payable in the current and non-current liabilities, and loans from the ultimate holding company, a fellow subsidiary, an associates and non-controlling interests.

Cash Flow Analysis

In the first half of 2018, the Company's cash flow position was better than the corresponding period of the previous year, in which the net cash generated from operating activities increased as compared

with the corresponding period of 2017, mainly because the income increased as compared with the corresponding period of 2017. Net cash used in investment activities decreased as compared with the corresponding period of 2017, mainly due to the part payment of the Group for the acquisition of 61% equity interest in Fangchenggang Nuclear, 100% equity interest in Lufeng Nuclear and 100% equity interest in CGN Engineering amounted to RMB2,400.0 million in the first half of 2017; the net cash used in financing activities also decreased as compared with the corresponding period of 2017, mainly due to an increase in the amount of equity financing by RMB 2,868.1 million from the corresponding period of 2017 and a decrease in the amount of net debt financing by RMB 2,271.7 million from the corresponding period of 2017.

	As at June 30, 2018	As at June 30, 2017 (Restated)	Movements increase/ (decrease)	Percentage change increase/ (decrease)
	RMB'000	RMB'000	RMB'000	%
Net cash generated from operating activities	14,105,708	12,814,984	1,290,724	10.1
Net cash used in investing activities	7,929,945	10,723,314	(2,793,369)	(26.0)
Net cash used in financing activities	2,091,601	2,584,935	(493,334)	(19.1)

(II) Assets and Investments

The Group was mainly engaged in the investment in construction of nuclear power generating units, technical improvement in the nuclear power stations in operation, and research and development of technologies relating to nuclear power for the six months ended June 30, 2018.

INVESTMENT IN PROPERTY, PLANTS AND EQUIPMENT

For the six months ended June 30, 2018, the Group's investment in property, plants and equipment amounted to RMB8,397.7 million, representing an increase of RMB125.8 million or 1.5% from RMB8,271.9 million (restated) in the first half of 2017.

MAJOR INVESTMENTS IN EQUITY

For the six months ended June 30, 2018, the Group increased its capital in an associate by RMB258.2 million, of which RMB31.4 million, RMB27.2 million and RMB199.6 million were made to CGN Industry Investment Fund Phase I Co., Ltd. (中廣核一期產業投資基金有限公司), Fujian Ningde Second Nuclear Power Co., Ltd. (福建寧德第二核電有限公司) and Hongyanhe Nuclear, respectively.

MAJOR ACQUISITION AND DISPOSAL

The Company entered into an investment agreement with Shenzhen Guotong Clean Energy Partners Corporation (Limited Partnership) (深圳國同清潔能源合夥企業) (“**Shenzhen Guotong**”) on

December 29, 2017, pursuant to which the Company and Shenzhen Guotong proposed to establish Guangxi Fangchenggang CGN Nuclear Power Industry Investment Co., Ltd. (廣西防城港中廣核核電產業投資有限公司) (“**Fangchenggang Investment**”) to hold 61% equity interest in Fangchenggang Nuclear, a subsidiary of the Company. The Company and Shenzhen Guotong shall hold 60% and 40% equity interest in Fangchenggang Investment, respectively. Both Fangchenggang Investment and Fangchenggang Nuclear will be the subsidiaries of the Company and their financial results will be consolidated into the consolidated financial statements of the Group, with the procedures of the transfer of the relevant equity interest completed on February 11, 2018, the capital reserve of the equity attributable to owners of the Company increased by RMB169.1 million.

On March 8, 2018, the Company signed a share transfer agreement with CGN and Shenzhen Nengzhihui Investment Co., Ltd. (深圳市能之匯投資有限公司) (“**Nengzhihui**”), a wholly-owned subsidiary of CGNPC, pursuant to which the Company shall acquire 100% equity interest in CGN Ocean Power Co., Ltd. (中廣核海洋能源有限公司) and 100% equity interest in CGN Hebiei Thermal Power Co., Ltd. (中廣核河北熱電有限公司), both held by CGNPC, from CGNPC, and 100% equity interest in CGN Power Sales Co., Ltd. (中廣核電力銷售有限公司) from Nengzhihui, a subsidiary of CGNPC, respectively, at an equity transfer price of approximately RMB235.0 million. The Company has completed the equity transfers on April 30, 2018.

Saved for the projects disclosed above, the Group had no other material acquisition or disposal for the six months ended June 30, 2018.

Use of Proceeds

The Company issued 10,148,750,000 H shares by way of global offering in December 2014 with net proceeds of approximately RMB21,603.5 million (in equivalent) from the offering after deducting various issuance costs. As of June 30, 2018, the Company had used RMB20,407.9 million of the net proceeds for the purposes as set out in the prospectus, representing 94.5% of the net proceeds from the offering.

Items	Movements
	RMB'000
Net proceeds from the listing	21,603,535
Less: Proceeds used	20,407,933
Among which: Acquisition of 60% of the equity interest in Taishan Nuclear Power Industry Investment Co., Ltd. and 12.5% of the equity interest in Taishan Nuclear	9,700,196
Capital expenditure for nuclear power stations under construction	8,714,300
Research and development activities	660,037
Replenishment of working capital	1,333,400
Proceeds unused as of June 30, 2018	<u>1,195,602</u>

The remaining unused proceeds are intended to be used mainly for research and development activities and overseas market exploration. The proceeds intended to be used for research and development activities are being progressively used according to the annual research and development plan of the

Company. As the Company has not carried out any overseas projects, the proceeds intended to be used for overseas market exploration remain unused and will be arranged according to the Company's needs of business development.

External Financing Environment

In the first half of 2018, the global economic recovery continued, but the momentum has slowed down and the global political and economic situation is complicated. The decline in economic growth rate in the Eurozone, the narrowed regional economic differentiation, the turbulent political situation and the trade friction between Europe and the US has threatened the recovery of the Eurozone. The US economy has been recovering well, tax reforms provided impetus for economic growth, and the Federal Reserve raised the Federal Funds Rate twice. China's gross domestic product (GDP) recorded a year-on-year growth of 6.8%. The national economy continued to be generally stable and has made steady progress, and the externally harsh trading environment put pressure on the Chinese economy. In the first half of 2018, interest rates in the domestic market have declined, and the pressure on corporate financing costs has eased. The exchange rate of RMB against US dollar has generally depreciated, while the exchange rate of RMB against Euro has generally appreciated. The RMB exchange rate fluctuates in both directions, and exchange rate risks still need attention.

In the first half of 2018, the Company comprehensively strengthened the organization, coordination, support and risk monitoring of financing, making full use of internal and external financing channels, ensuring capital security and controlling financing costs. At the same time, we continuously monitored foreign currency debt exchange rate exposure and prevented the risk of exchange rate fluctuations.

Equity Financing

Through equity financing, we consolidated the long-term capital of the Company. The overall capital structure of the Company was optimized according to changes in the external environment. The ability to resist the risk of fluctuations in the external economic and financial environment was consolidated and enhanced, which promoted the sustainable development of the Company's business. For those projects with huge capital expenditure and good earnings forecasts, we will prudently consider the use of equity financing to balance the risks and to enhance shareholders' value.

We plan to conduct an initial public offering of RMB-denominated ordinary shares (the "A Shares") for no more than 10% of the total share capital of the Company after issuance in China. The funds raised will be used for the construction of Yangjiang Units 5 and 6 and Fangchenggang Units 3 and 4 as well as replenishing the working capital of the Company. Upon the approval from the Board and Shareholders' general meeting, the Company has submitted application materials including the

A Share prospectus to the CSRC for the purpose of the A Share offering and has received a notice of acceptance in respect of the Company's application for A Share offering issued by the CSRC on June 22, 2018. After completion of fund-raising, our financial strength will be effectively improved, thereby appropriately reducing the financial costs and further enhancing the financial support capacity for the development of nuclear power projects. For details, please refer to the relevant announcements published in February, April and June 2018 and the relevant circular published in March 2018.

Debt Financing

In the first half of 2018, we continued to improve diversified ways of financing, reasonable mix of currencies and term structure so as to provide stable and economical source of funding for the business development of the Company. As of June 30, 2018, the Group's total amount of debt financing was approximately RMB222,350.7 million with major financing channels including bank borrowings (approximately 89.6%), issuance of public and private bonds (approximately 4.3%), loans from CGNPC, fellow subsidiaries and associates (approximately 5.6%), and loans from non-controlling interests (approximately 0.6%). We maintain a debt structure mainly comprising RMB-denominated and long-term debts, which not only satisfies our operational characteristics of focusing on nuclear power projects, but also effectively prevents liquidity risks and systematic exchange rate risks.

In the first half of 2018, the Company continued to strengthen its management in financing planning, actively expanded external financing channels, timely issued medium-term notes according to market changes, continuously optimized loan terms and interest rate structures, and strived to reduce the impact of changes in the financial environment on the Company's operations.

Debt Risk Management

In recent years, we proactively eliminated our exposure to risk on foreign exchange rate associated with debts denominated in foreign currencies by stages and in batches through various measures including forward transactions, debts replacement and early repayment, and actively changed our financing methods for foreign business contracts to exercise control over new debts denominated in foreign currencies, thereby effectively reducing the impact of major risks in exchange rate. In the first half of 2018, the Company adhered to the established strategies and continued to adopt relevant measures to minimize the impact from the fluctuation in foreign exchange rates. As compared with the end of 2017, the changes of the balance of the Group's bank borrowings and other borrowings denominated in foreign currencies at the end of the Reporting Period were relatively small.

To manage liquidity risks, we monitor and maintain our cash and cash equivalents as well as the level of unutilized banking facilities. As of June 30, 2018, we had credits for unutilized general banking facilities of over RMB100,000.0 million, credits for ultra-short-term financing notes being readily available for public offering of RMB8,000.0 million, credit for medium-term financing notes being readily available for public offering of RMB8,000.0 million and cash and cash equivalents of RMB14,399.1 million, which can provide sufficient cash support for the operation of the Company and reduce the impact from cash flow fluctuation.

Credit Rating

In May 2018, China Chengxin International Credit Rating Co., Ltd. (中誠信國際信用評級有限責任公司) assessed the credit rating of the Company, and based on the reasons that “the Company’s projects under construction are being put into operation and the operation of nuclear power generating units in operation is stable”, it concluded that “the power generation capacity of the Company will be further strengthened and the on-grid power generation will continue to increase with stronger profitability and cash generating ability” and maintained our AAA credit rating with stable outlook.

Contingencies

External Guarantees

The Group confirmed that, for the six months ended June 30, 2018, the Group had not provided any external guarantee.

Pledge of Assets

As at June 30, 2018, the Group’s assets (comprising mainly property, plant and equipment) of RMB19,296.0 million in carrying value were pledged to banks and related parties to secure loans for the Group. As at December 31, 2017, the carrying value of the Group’s assets pledged to banks and related parties was RMB19,242.3 million.

As at June 30, 2018 and December 31, 2017, the electricity tariff collection rights of Ling’ao Nuclear, Lingdong Nuclear, Yangjiang Nuclear, Fangchenggang Nuclear, Ningde Nuclear and Taishan Nuclear were pledged to secure the facilities and loans from banks and related parties.

Legal Proceedings

The Group confirmed that, for the six months ended June 30, 2018, there was no significant litigation against the Group, and the Board was not aware of any pending or threatened litigation against the Group which had or could have a material and adverse effect on the financial conditions or operations of the Group.

Investment Direction

Based on the strategies and business development needs of the Company, the Company will finance the construction of nuclear power stations under construction according to investment schedules, continue to fund the technology improvement in nuclear power stations in operation, make continuous investment in the research, development and innovation of technologies, and fund the acquisitions of contingent assets in the second half of 2018. In addition, the Company will also carry out relevant investment activities at appropriate time by exercising its rights to acquire retained businesses as set out in the non-competition deed entered into between the Company and CGNPC, thereby laying a solid foundation for the Company’s future development.

Business Performance and Outlook

1. Industry Overview

On February 26, 2018, the National Energy Administration issued the 2018 Guidelines for Energy Development Work (《2018年能源工作指導意見》). On June 27, 2018, the State Council issued the Three-year Plan on Defending the Blue Sky (《打贏藍天保衛戰三年行動計劃》). Both documents suggested that nuclear power shall be developed safely and efficiently. According to the statistics of the China Electricity Council (the “CEC”), as of June 30, 2018, the installed capacity of the nuclear power generating units which were in commercial operations in China was 36.94 million kW, accounting for 2.14% of total power installed capacity in operation in China. The proportion of nuclear power in the energy generation structure is still low. In our opinion, the Chinese government still adheres to the principles of safe and efficient development in nuclear power. As a safe, efficient and clean energy, nuclear power should be further developed to contribute to the revamp of energy generation structure in China.

In the first half of 2018, the economy of China grew steadily. According to the data released by the National Bureau of Statistics on July 16, 2018, the gross domestic product (GDP) increased by 6.8% over the corresponding period of previous year. The steady economic growth brought about an accelerated rebound in the growth of electricity consumption in the whole society. According to the Briefings on the Operation of the Power Industry from January to June 2018 (《2018年1-6月份電力

工業運行簡況》) issued by the CEC, for the first half of 2018, the electricity consumption in China increased by 9.4% over the corresponding period of previous year. Meanwhile, the scale of China's installed power generation capacity experienced a slowing growth, with a year-on-year increase of 6.2%. The growth of electricity consumption was greater than that of scale of the installed power generation capacity. According to the Briefings on the Operation of the Power Industry from January to June 2018 (《2018年1-6月份電力工業運行簡況》) issued by the CEC, for the first half of 2018, the national average utilization hours of power generating units was 1,858 hours, representing a year-on-year increase of 68 hours. The national average utilization hours of nuclear power increased by 141 hours over the corresponding period of previous year and reached 3,548 hours. In our opinion, the balance between supply and demand of the power supply in China remained loose but was improving.

With the further reforms in the national power system, the trading mechanisms of electricity market were further improved, and the share of electricity traded in various markets further expanded. We actively communicated with the relevant state departments, local governments, power grids and other units to explore the methods of nuclear power offtake under the condition of securing nuclear safety, striving for favorable conditions to continuously improve the economy of our nuclear power units.

2. Business performance and analysis

In the first half of 2018, we continued the implementation plan of lean management strategy and the “SCS” (Specialization, Centralization and Standardization) management strategies. The nuclear power generating units in operation managed by us operated safely and stably, and the construction of the nuclear power generating units under construction progressed orderly. We hereby report primarily on the business performance of our nuclear power generating units in operation and under construction during the first half of 2018, and our work in respect of human resources and social responsibilities.

Safety management

Safety is crucial to any company. We always adhere to the concept of “Nuclear Safety is Paramount” and our basic principles of “Safety First, Quality Foremost, Pursuit of Excellence”, and apply them to various stages of the design, construction, operation and decommissioning of the nuclear power plants (“NPPs”). Based on our experience in nuclear power operation over the years, we have established a mature safety management system.

On January 1, 2018, the Nuclear Safety Law of the People's Republic of China (《中華人民共和國核安全法》) (the “**Nuclear Safety Law**”) became effective. In the first half of 2018, the Company and NPPs prepared themselves to understand, promote and implement the Nuclear Safety Law. We organized a variety of learning activities to strictly adhere to the requirements of the Nuclear Safety Law and continuously improve the nuclear safety management system. With the management taking the lead, “On-site Management Presence” and “Compliance with Procedures” activities, the Company enhanced the safety quality of all members and continuously improved the safety management level of the Company.

In the first half of 2018, according to the International Nuclear and Radiological Event Scale (《國際核事件分級表》) (the “INES”) set by the International Atomic Energy Agency, no nuclear event at level 1 or above occurred in NPPs we operated and managed in the first half of 2018, and a total of four deviations without safety significance occurred.

Base or NPP	Number of Operation Events	
	For the six months ended	
	June 30, 2018	2017
Daya Bay Base (including Daya Bay Nuclear Power Station, Ling’ao Nuclear Power Station and Lingdong Nuclear Power Station)	1	0
Yangjiang Nuclear Power Station	1	2
Fangchenggang Nuclear Power Station	0	2
Ningde Nuclear Power Station	1	4
Hongyanhe Nuclear Power Station	1	2

Note: Nuclear incidents are classified into seven levels in the INES according to their impact on (i) people and the environment, (ii) radiological barriers and control, and (iii) defence-in-depth. Level 1 to Level 3 are termed as “incident,” while Level 4 to Level 7 are termed to as “accidents.” Events without safety significance are classified as “below scale/Level 0”.

Nuclear power generating units in operation

For the six months ended June 30, 2018, we had 20 nuclear power generating units in operation. The on-grid power generation figures (unit: GWh) of our NPPs are as follows:

Name of NPP	For the six months ended		Change rate or the same period (%)
	June 30, 2018	2017	
<i>From subsidiaries</i>			
Daya Bay Nuclear Power Station	7,340.11	8,284.82	-11.40
Ling'ao Nuclear Power Station	6,464.06	7,097.99	-8.93
Lingdong Nuclear Power Station	8,352.30	7,182.29	16.29
Ningde Nuclear Power Station	15,387.46	12,652.34	21.62
Yangjiang Nuclear Power Station	14,384.24	14,272.79	0.78
Fangchenggang Nuclear Power Station	7,989.30	5,362.35	48.99
Subsidiaries, total	59,917.46	<i>54,852.57</i>	<i>9.23</i>
<i>From associates</i>			
Hongyanhe Nuclear Power Station	11,487.65	8,624.52	33.20
Subsidiaries and associates, total	71,405.11	63,477.09	12.49

In the first half of 2018, the Company adopted the established power sales strategy, actively promoted the effective implementation of relevant national policies in various provinces, strengthened communication with local governments and local power grid enterprises, and took advantage of seasonality to actively strive for planned power and market power, developed incremental markets, and participated in cross-regional power transmission. With our efforts, the aggregated on-grid electricity generation of the Group and its associates increased by 12.49% in the first half of 2018 as compared with the corresponding period of 2017. For details of the sales of electricity, please refer to section headed "Sales of Electricity" of this announcement.

Operation Performance

Capacity factor, load factor and utilization hours are the three indicators used by us to evaluate the utilization of nuclear power generating units. They are mainly subject to the effects of refueling outages for the generating units. According to the arrangements of the annual outage plan, there are certain differences between the duration of refueling outages for different generating units, and refueling outages may be implemented over to the next year. For the same type of refueling outage for the same type of generating unit, there may be small differences between the duration of outages in different years. Meanwhile, load factor and utilization hours of nuclear power generating units are also under the influence of temporary operation at reduced load or shutdown resulting from the demand and supply conditions of the electricity market.

The details of the operation performance of generating units we operated and managed in the first half of 2018 are as follows:

	Capacity factor (%)		Load factor (%)		Utilization hours (hours)	
	For the six months		For the six months		For the six months	
	ended June 30, 2018	2017	ended June 30, 2018	2017	ended June 30, 2018	2017
Nuclear power generating unit						
<i>From subsidiaries</i>						
Daya Bay Unit 1 ¹	78.35	99.98	79.22	101.23	3,442	4,398
Daya Bay Unit 2	99.45	99.99	100.63	101.00	4,372	4,388
Ling'ao Unit 1	75.35	78.13	74.20	77.50	3,222	3,366
Ling'ao Unit 2 ²	84.06	99.07	83.18	95.21	3,612	4,135
Lingdong Unit 1	99.97	73.78	98.02	72.28	4,254	3,137
Lingdong Unit 2 ³	96.66	99.99	90.23	90.07	3,916	3,909
Yangjiang Unit 1 ⁴	76.29	99.99	75.67	99.87	3,287	4,256
Yangjiang Unit 2	99.99	99.99	100.30	92.52	4,357	4,019
Yangjiang Unit 3 ⁵	83.49	71.30	82.60	72.98	3,588	3,170
Yangjiang Unit 4 ⁶	65.70	99.97	65.63	98.38	3,564	4,274
Fangchenggang Unit 1 ⁷	99.20	52.77	90.56	36.62	3,934	1,591
Fangchenggang Unit 2	99.97	96.78	89.85	86.16	3,903	3,743
Ningde Unit 1 ⁸	99.99	68.23	94.98	61.76	4,126	2,683
Ningde Unit 2 ⁹	80.13	99.81	78.41	86.14	3,406	3,742
Ningde Unit 3 ¹⁰	84.97	99.99	82.50	87.40	3,584	3,797
Ningde Unit 4	99.99	99.80	90.60	53.20	3,936	2,311
<i>From associates</i>						
Hongyanhe Unit 1	99.98	99.81	94.51	86.34	4,105	3,751
Hongyanhe Unit 2 ¹¹	79.51	96.13	70.60	36.66	3,067	1,592
Hongyanhe Unit 3	82.21	65.90	44.16	31.90	1,918	1,386
Hongyanhe Unit 4	99.95	71.28	44.73	38.66	1,943	1,679
<i>From subsidiaries and associates</i>						
Average	89.26	88.63	81.53	75.29	3,534	3,223

Notes:

1. Daya Bay Unit 1 completed a refueling outage in the first half of 2018 and did not conduct any refueling outage for the corresponding period in last year.
2. Ling'ao Unit 2 completed a refueling outage in the first half of 2018 and did not conduct any refueling outage for the corresponding period in last year.
3. Lingdong Unit 2 did not conduct any refueling outage in the first half of 2018 and completed a refueling outage for the corresponding period in last year.

4. Yangjiang Unit 1 completed a refueling outage in the first half of 2018 and did not conduct any refueling outage for the corresponding period in last year.
5. Yangjiang Unit 3 completed a refueling outage in the first half of 2018 and refueling outage duration is shorter as compared with the corresponding period in last year.
6. Yangjiang Unit 4 completed the initial outage after commencement of operation on March 15, 2017 and its duration was longer, being similar to that of a 10-year outage. No refueling outage was conducted for the corresponding period in last year.
7. Fangchenggang Unit 1 did not conduct any refueling outage in the first half of 2018 and completed a refueling outage for the corresponding period in last year.
8. Ningde Unit 1 did not conduct any refueling outage in the first half of 2018 and completed a refueling outage for the corresponding period in last year.
9. Ningde Unit 2 completed a refueling outage in the first half of 2018 and did not conduct any refueling outage for the corresponding period in last year.
10. Ningde Unit 3 completed a refueling outage in the first half of 2018 and did not conduct any refueling outage for the corresponding period in last year.
11. Hongyanhe Unit 2 completed a refueling outage in the first half of 2018. Refueling outage duration is longer in the first half of 2018 as compared with the corresponding period in last year.

Based on the design of pressurised water reactor (the “PWR”) nuclear power stations, the nuclear reactor of each unit in operation must be shut down and refuelled after a certain period of time. Taking the safety and economic considerations for nuclear power stations into account, nuclear power operators often make use of the refuelling period to intensively conduct preventive and corrective maintenance projects as well as various modifications projects, and this is usually referred to as refuelling outage by nuclear power stations. The refuelling intervals of our nuclear power stations are generally 12 to 18 months. According to the technical requirements for the operation of nuclear power stations, inspection, testing and maintenance for major equipment are required every 10 years. Such activities will be conducted during the refuelling period of generating units, and this is usually referred to as 10-year outage by nuclear power stations. In addition to the refuelling outage and 10-year outage, the refuelling outage of new generating units conducted in the next year after commencement of operation is usually referred to as the initial outage.

During the outage period, we carry out inspection, maintenance and modifications for equipment with selectivity based on the requirements of the respective nuclear power station preventive maintenance guidelines and in-service inspection guidelines as well as the experience on the operation of generating units to secure the safety of the units, to improve the operating performance of the equipment, and to ensure that the units would maintain good operating conditions in the next cycle according to the design requirements.

Considering the economic factors and arrangements for related work, refuelling outage intervals of nuclear power generating units are not fixed at every 12 or 18 months. In order to ensure the safe operation of the generating units, we usually take local power load fluctuations into account and communicate with local power grid companies to reasonably arrange refuelling outage plans for generating units. As the needs for inspection and maintenance projects are different, the duration of each refuelling outage is not identical. More inspection items are required for the initial and 10-year outage, resulting in a longer inspection period as compared to that of a regular refuelling outage. According to the specific operating conditions of each generating unit, we continue to enhance and develop targeted refuelling outage plans, reasonably arrange inspection and maintenance projects, and actively adopt advanced technology to improve the efficiency of inspection and maintenance, in order to have good control over the duration of each refuelling outage on the premise of ensuring the quality of safety.

In the first half of 2018, we completed 10 refueling outages for 20 nuclear power generating units in operation, one of which is the initial outage that is equivalent to a 10-year outage, and one of which was conducted over to the next year from 2017 to 2018. The total number of calendar days for refueling outages for the first half of 2018 was approximately 359 days.

“Pursuit of Excellence” is one of the basic principles of the Company. In order to discover our inadequacies and make sustained improvements, we continue to implement benchmarking with international counterparts. When compared with the one-year benchmark value of the 12 performance indicators for the PWR set by the World Association of Nuclear Operators (“WANO”), for our nuclear power units, the ratio of performance indicators achieving the world’s top 1/4 level and top 1/10 level remained at a high level. The following table indicates the comparison of our nuclear power generating units for the six months ended June 30, 2018 and the one-year benchmark value of the 12 performance indicators for the PWR set by WANO in 2017:

	For the six months ended June 30,	
	2018	2017
Number of units	20	20
Total number of indicators	240	240
Including:		
Number of indicators ranked top 1/4 level in the world (Proportion)	200 (83.33%)	199 (82.92%)
Number of indicators ranked top 1/10 level in the world (Proportion)	186 (77.50%)	193 (80.42%)

Environmental Performance

In the first half of 2018, the radioactive waste management of each nuclear power generating unit in operation we operated and managed has strictly complied with the national laws and regulations, and has met the standards of the relevant technical specifications.

The following table sets forth the amounts and percentages of the various types of radioactive waste discharged at the NPPs for the periods indicated as a percentage of the national standards. The amounts of all of the radioactive substances discharged by all of our NPPs were below the applicable PRC limits.

	Daya Bay Base Area (including Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station and Lingdong Nuclear Power Station)		Yangjiang Nuclear Power Station		Fangchenggang Nuclear Power Station		Ningde Nuclear Power Station		Hongyanhe Nuclear Power Station	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	For the six months ended June 30,									
Discharged liquid radioactive waste (radionuclides other than tritium) as a percentage of the national standards	0.20%	0.22%	0.18%	0.17%	0.17%	0.34%	0.16%	0.15%	0.12%	0.12%
Discharged gas radioactive waste (inert gases) as a percentage of the national standards	0.23%	0.23%	0.12%	0.14%	0.21%	0.19%	0.15%	0.17%	0.13%	0.07%
Solid radioactive waste (cubic meters)	98.4	99.6	3.4	18.4	20.1	55	57.2	57.2	108.8	149.6
Results of environmental monitoring	Normal	Normal	Normal	Normal	Normal	Normal	Normal	Normal	Normal	Normal

Nuclear power is a clean energy source that contributes to energy saving and emissions reduction to the society. In the first half of 2018, our on-grid nuclear power generation in effect represented a reduction of approximately 22.06 million tons of standard coal consumption, approximately 57.7 million tons of CO₂ emissions, with an equivalent effect of planting a forest of approximately 160,000 hectares.

Nuclear Power Generating Units under Construction

The quality of NPPs under construction is important for the safe and efficient operations of nuclear power units after commencement of operation. We meticulously organize project construction in strict compliance with the requirements of relevant laws and regulations. For all the major construction milestones being required to pass the inspection of the national regulatory authority, we would enter into the next phase of work only after passing the inspection of the national regulatory authority which confirmed our full compliance with the requirements. We also attach importance to learning from experience feedbacks of domestic and foreign NPP construction, and improving the safety and quality of our construction work.

As of June 30, 2018, among eight nuclear power generating units we construct, two were in the grid connection phase, five were in the equipment installation phase and one was in the civil construction phase. All units under construction of the Company are under steady progress as planned, and meet the regulatory requirements of safety and quality.

Nuclear Power Generating Units	Civil Construction Phase ¹	Equipment Installation Phase ²	Commissioning Phase ³	Grid Connection Phase ⁴	Expected Date of Commencement of Operation
<i>From subsidiaries</i>					
Yangjiang Unit 5				√	Second half of 2018
Yangjiang Unit 6		√			Second half of 2019
Taishan Unit 1				√	2018
Taishan Unit 2		√			2019
Fangchenggang Unit 3		√			2022
Fangchenggang Unit 4	√				2022
<i>From associates</i>					
Hongyanhe Unit 5		√			Second half of 2020
Hongyanhe Unit 6		√			2021

- 1 “Civil construction” refers to activities within the construction phase, particularly the construction of various buildings and structures in accordance with the applicable blueprints.
- 2 “Equipment installation” refers to the entire process of placing and installing equipment in right positions and equipment integration during the construction phase.
- 3 “Commissioning” refers to the process of operating the installed systems and equipment and confirming whether their performance fulfils the requirements of their design and the applicable standards. During this phase, National Nuclear Safety Administration will issue an Approval for First Fuel Loading in Nuclear Power Plant (《核電廠首次裝料批准書》) or Operation Permit (《運行許可證》) which allows the first fuel loading in a nuclear power generating unit for carrying out commissioning and trial runs of nuclear reactors.
- 4 “Grid connection” refers to the connection of a power generating unit’s electricity transmission circuit to the electricity grid, and indicates that the power generating unit has the ability to transmit electricity from its internal systems.

The construction process of nuclear power may be affected by various factors including, among others, delivery delays, increase in the cost of key equipment and materials, delay in obtaining regulatory approvals, permits or licenses, unexpected engineering, environmental or geological problems, change of localization ratio as well as the implementation of additional PRC regulatory and safety requirements for nuclear safety, the actual date of commencement of operation may be different from such expected date. We will disclose updated information pursuant to the relevant requirements from time to time.

On May 23, 2018, Yangjiang Unit 5 connected to the power grid for the first time and was qualified for commercial operation on July 12, 2018.

On May 23, 2018, the containment dome lifting of Fangchenggang Unit 3 was completed and the equipment installation commenced.

On June 29, 2018, Taishan Unit 1 was successfully connected to the power grid for the first time and proceeded to the grid connection stage.

On July 3, 2018, Taishan Unit 2 began its cold functional test and entered into the commissioning phase.

Other units under construction of the Company are under steady progression as scheduled and satisfy the regulatory requirements in relation to safety and quality.

Sales of Electricity

In the first half of 2018, the condition of oversupply of electricity in China has improved. As the economic development condition of each region differs, the demand for electricity consumption in some provinces where our nuclear power generating units are located varies. In light of the complex power market situation, the Company adopted the power sales strategy of “striving for more shares of planned on-grid power generation, striving for better market power generation and power tariff and striving for development and utilization of incremental market”, which supported the implementation of our power plan for the first half-year and guaranteed the overall economic benefits of the Company.

We actively communicated and coordinated with national competent departments to promote the efficient implementation of Provisional Measures for Nuclear Power Offtake under the Condition of Securing Nuclear Safety (《保障核電安全消納暫行辦法》) in various provinces. In the first half of 2018, the National Energy Administration has first included nuclear safety requirements in the “Clean Energy Safety Action Plan (2018-2020) Exposure Draft” (《清潔能源消納計劃(2018-2020年)徵求意見稿》) (the “**Action Plan**”), which clearly required a year-to-year increase in the annual nuclear power generating hours, and the implementation of securing nuclear power consumption in 2020. The Action Plan is now at the consultation stage and is expected to be issued and implemented in the second half of 2018, providing good conditions for securing nuclear power consumption.

The Company and Guangdong Provincial Government have agreed that, in order to maintain the unit utilization rate of nuclear power units and to prevent uncertainties caused by market volatility, the Company's nuclear power units in Guangdong province will participate in electricity market in the "full output with favourable price" model in 2018. The electricity consumption condition in Guangdong province has been positive this year. The electricity consumption in Guangdong province increased by 9.28% in the first half of 2018 over the same period of previous year. Due to a lower precipitation in the first half of the year and other factors, there was shortage in electricity in some period of peak season for electricity consumption in summer. We actively communicated and coordinated with power grid enterprises to maximize the utilization rate of power generating units with our best efforts.

The electricity consumption in Fujian province increased by 13.6% in the first half of 2018 over the same period of previous year. We have pursued more planned generation and market-based generation, and participated in cross-district electricity market transactions. In the first half of 2018, the on-grid power generation of Ningde Nuclear increased by 21.6% over the same period of previous year.

The electricity consumption in Liaoning province increased by 10.7% in the first half of 2018 over the corresponding period of previous year. As the electricity transmission lines of Hongyanhe Nuclear have completed, we strived for expanding electricity export quota and electricity sales channels. In the first half of 2018, the on-grid power generation of Hongyanhe Nuclear increased by 33.2% over the same period of previous year.

The electricity consumption in Guangxi Zhuang Autonomous Region increased by 19.9% in the first half of 2018 over the corresponding period of previous year. We have pursued more planned generation and market-based generation, seized opportunities to develop new market and participated in cross-district export. In the first half of 2018, the on-grid power generation of Fangchenggang Nuclear increased by 49.0% over the corresponding period of previous year.

For the six months ended June 30, 2018, our nuclear power generating units in operation achieved a total on-grid power generation of 71,405.11 GWh, representing a year-on-year increase of 12.49%, including the market-based power generation output of 19,279.00 GWh.

While striving to increase on-grid power generation, we also paid close attention to the on-grid tariffs of commercial units. In the first half of 2018, the on-grid tariffs of planned power generation by commercial nuclear power units of the Company remained stable without changes. As the oversupply condition of electricity improved, on-grid tariffs of market-based power generation became rational and its difference with on-grid tariffs of planned power generation was narrowed.

Taishan Unit 1 has already entered grid connection phase. The on-grid tariff of newly built units will be determined around the commencement date of commercial operation of the newly built units. We actively promoted the research on the third-generation nuclear power tariff by the relevant state departments. The pricing departments of the National and Guangdong provincial government supported the acceleration of nuclear power tariff determination for Taishan Nuclear. We will continue to track the development of tariff determination for third-generation nuclear power units, and participate in related research projects.

Human resources

According to the human resources plan of the Company, during the Reporting Period, the Company recruited 72 new employees. As of June 30, 2018, we had a total of 18,124 employees (excluding our affiliates).

We are highly concerned about the occupational health of our employees who participated in the work of NPPs, including our contractors and other personnel who enter into our workplace to carry out relevant activities. We ensure employees' occupational health through various means such as promotion and training, proactive prevention and identification and management of occupational hazards.

The average individual radiation exposure index among our personnel (including staff, contractors and other personnel) who entered into the control area to work at NPPs is lower than the national standard limit (20 mSv/year/person). The table below sets out information on the maximum individual radiation exposure index (Unit: mSv) among the personnel who entered into the control area to work in the first half of 2018 and that of 2017 at NPPs operated and managed by us:

NNP/Unit	For the six months ended June 30,	
	2018	2017
Daya Bay Nuclear Power Station	4.85	0.86
Ling'ao Nuclear Power Station	10.26	5.56
Lingdong Nuclear Power Station	0.96	4.92
Yangjiang Nuclear Power Station Units 1, 2, 3 and 4	7.96	5.76
Fangchenggang Nuclear Power Station Units 1 and 2	0.38	4.64
Ningde Nuclear Power Station	4.34	6.41
Hongyanhe Nuclear Power Station Units 1, 2, 3 and 4	5.18	7.80

Note: The changes in information are primarily due to the differences in outage schedules and maintenance projects during the Report Period.

Social Responsibilities

We constantly explore and improve a transparent communication mechanism and develop innovative communication means of communication. We strive to build interactive relationship and trust with various sectors of the society, and support sustainable development of surrounding communities with our abilities.

Proactive Disclosure of Information

In the first half of 2018, we convened 12 press conferences and media conferences, including the Daya Bay Nuclear Power Operations and Management Co., Ltd. (“DNMC”) and Yangjiang Nuclear Annual Press Conference and the announcement of the annual results announcement of the Company. We also utilize various channels, such as our website and social media, to disclose information on nuclear safety and environmental monitoring data to the public in a timely manner, and guarantee the public’s right to information of operation of NPPs and nuclear safety. According to the INES, four deviations without safety significance occurred at the NPPs operated and managed by us in the first half of 2018, all of them were disclosed in a timely manner according to regulatory requirements.

On April 12, 2018, DNMC convened a media conference and announced that Ling’ao Unit 1 had not commenced any unplanned shutdown or halt for 13 consecutive years.

Apart from the regular and normalized communication mechanism with the SASAC, the National Energy Administration, the State Administration for Science, Technology and Industry for National Defense, the National Nuclear Safety Administration and provincial and municipal governments at all levels, we also enhanced communication with the society, media and communities surrounding our projects.

On May 24, 2018, we invited reporters from Economic Daily, Science and Technology Daily, China News Service and other national media institutions to visit Fangchenggang Nuclear Power Base and the construction site of Fangchenggang Phase II, our HPR1000 demonstration project.

Transparent Public Communication

In the first half of 2018, we proactively arranged face-to-face communication with the public. We interacted with cities, schools and communities and gained public support for nuclear power projects with transparency and sincerity.

In the afternoon of June 16, 2018, DNMC and relevant departments and organizations of Guangdong Provincial Government organized the “Nuclear Safety Knowledge in Schools – Science Seminar” activity at South China University of Technology.

In order to increase public communication channels and enhance convenience for the public to learn about nuclear safety knowledge, Hongyanhe Nuclear established a nuclear power science exhibition hall at Dalian Exhibition Centre in early June 2018, which provides a professional and proper introduction to nuclear power knowledge for visitors.

During the 2018 National Technology Activity Week, Yangjiang Nuclear organized various promotional activities themed “Biological Nuclear Power”. In the afternoon of May 24, 2018, we also organized the “Approaching Nuclear Power” science educational activity at Dongping Secondary School located near Yangjiang Nuclear Power Base.

A Win-win Community Development

We increased our input in community development, supported improvement of local people's livelihood, organized regular charity activities and grew together with the community. For instance, we sponsored the new kiwifruit orchard in Leye County of Guangxi Zhuang Autonomous Region. We planned the project according to actual situation of the community and targeted to help the poor throughout the whole process of the building, operating and commencing the orchard, ensuring that the "villages, homes, and people" are supported. All seeds were planted in March 2018 and are expected to be harvested in 2020.

Since 2011, Fangchenggang Nuclear has been conducting a spring visit for eight consecutive years. On February 1, 2018, Fangchenggang Nuclear led the organization to jointly express love and care to the centenarians in its neighborhood communities by sending blessings and concerns to them so as to deepen the communication and exchanges between Fangchenggang Nuclear and its neighborhood communities.

Hongyanhe Nuclear actively participated in local education, and successively donated funds to build two schools and promoted educational assistance through various forms of activities. On June 26, 2018, Hongyanhe Nuclear held a consultation meeting for college entrance examination candidates in its neighborhood communities in respect of college application. Hongyanhe Nuclear invited the teachers of key secondary schools in Dalian to introduce the college entrance examination policy and answer queries from students, and to give the college candidates in its neighborhood communities a helping hand in billing out and completing college applications.

3. Outlook for the second half of the year

In the first half of 2018, the Company determined the annual planned power generation targets and most market-based power generation targets through proactive communication with local government and power grid enterprises. In the second half of 2018, we will maintain the safe and stable operation of all the generating units in operation, ensure smooth progress of the generating units under construction, formulate power generating strategy, seize market opportunities, strive to increase on-grid power generation and guarantee overall economic benefits.

In the second half of 2018, we plan to carry out the following initiatives:

- Maintain safe and stable operation of all generating units in operation, with four planned refueling outages in the second half of the year;
- Proactively follow up the official issuance of the Clean Energy Safety Action Plan (2018-2020) Exposure Draft and promote the implementation of Interim Measures for Safeguarding Nuclear Safety and Consumption in Various Regions. We will proactively adapt to the changes in electricity market situation and respond to factors including increase in precipitation in summer and heating provision periods in winter, seize opportunities to increase the unit utilization rate in the premise of ensuring implementation of determined power generating and according to regional electricity market conditions;

- Under the premise of safety and quality, ensure smooth progress of the projects under construction as planned, and prepare Taishan Unit 1 for commercial operation (Yangjiang Unit 5 was qualified for commercial operation on July 12, 2018);
- Continue implementation of our lean management strategy, enhance internal resources allocation and cooperation, effectively control construction cost of projects under construction and maintenance cost of operating units; and
- Closely follow the changes in domestic and international economic and financial environment, adhere to the principle of prudence, prioritize capital safety, pay attention to financing cost control, monitor capital risks, and strive to minimize the effects of domestic and foreign market volatility to the Company's operation by adjusting our strategies according to changes in market situation.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2018.

INTERIM DIVIDEND

Pursuant to the Company's dividend distribution policy, and based on the Company's actual results of operation in the first half of 2018, the Board does not recommend the payment of an interim dividend for the six months ended June 30, 2018.

When considering the dividend distribution ratio in the future, we will take into consideration the business performance of the Company for the year, the future development strategies of the Company and other factors, provided that it shall not be lower than 33% of the distributable net profits for the year. The Board and management attach great importance to the safe and stable operation of nuclear power generating units and strive to achieve the stable growth of the Company's overall operation. The Company intends to provide its shareholders with steady and growing dividend by maintaining a modest increase in dividend (subject to approval at the annual general meeting of the relevant financial year) for the three financial years of 2018, 2019 and 2020 based on the annual dividend per share for 2017.

SUBSEQUENT EVENTS

For the period from June 30, 2018 to the date of this announcement, there was no occurrence of event that had a significant impact on the Group's operation, financial and trading prospects.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the “**Stock Exchange Codes**”) contained in Appendix 14 to the Listing Rules. The Board has approved and adopted the Corporate Governance Code of CGN Power Co., Ltd. (First Edition) (the “**Corporate Governance Code of the Company**”) on November 18, 2014. Based on the changes to Board committees and the revision of the Stock Exchange Codes in relation to risk management and internal control, the Board approved the revision of the Corporate Governance Code of the Company on January 6, 2016. After such revision, the Corporate Governance Code of the Company covers the basic requirements of the Stock Exchange Codes and stipulates standards which are higher than the recommended best practices in various aspects. During the Reporting Period, the Company complied with all the code provisions contained in the Stock Exchange Codes, except for one of the recommended best practices proposed in the Stock Exchange Codes (namely a listed company should announce and publish quarterly results report). For the term that a listed company should announce and publish quarterly results report, we published quarterly operation briefings on a quarterly basis and quarterly financial statements for the domestic market in accordance with the requirements of the China’s bond market and also published overseas regulatory announcements on the website of the Stock Exchange simultaneously to disclose the quarterly financial conditions based on the China Accounting Standards, and provided explanations on their discrepancies with the International Accounting Standards where appropriate.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has formulated and adopted the Code for Securities Transactions by Directors and Specified Individuals on terms no less exacting than those of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. According to the specific enquiries made by the Company, all directors, supervisors and senior management of the Company have confirmed that they had complied with the standards set out in the two codes mentioned above throughout the Reporting Period.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Company has established the Audit and Risk Management Committee in compliance with the requirements of Rule 3.21 of the Listing Rules and the amendments to the Stock Exchange Codes with written terms of reference. On the date of this announcement, the Audit and Risk Management Committee comprises one non-executive Director (Mr. Zhang Yong) and two independent non-executive Directors (Mr. Na Xizhi and Mr. Francis Siu Wai Keung). Mr. Francis Siu Wai Keung, who possesses accounting qualification, acts as the chairman of the Audit and Risk Management Committee.

On August 17, 2018, the Audit and Risk Management Committee reviewed and confirmed the interim results announcement for the six months ended June 30, 2018 of the Group, the interim report and the unaudited interim financial statements for the six months ended June 30, 2018 prepared in accordance with the IAS 34 “Interim Financial Reporting”.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Stock Exchange’s website (<http://www.hkexnews.hk>) and the Company’s website (<http://www.cgnp.com.cn>) respectively.

The Company will dispatch to its shareholders in due course all the information required by the Listing Rules together with the 2018 interim report of the Company, which will also be published on the websites of the Company and the Stock Exchange.

By order of the Board
CGN Power Co., Ltd.*
Zhang Shanming
Chairman

The PRC, August 21, 2018

If there is any discrepancy between the English version and the Chinese version in respect of this announcement, the Chinese version shall prevail.

As at the date of this announcement, the Board of the Company comprises Mr. Gao Ligang as executive Director; Mr. Zhang Shanming, Mr. Tan Jiansheng, Mr. Shi Bing, Ms. Zhong Huiling and Mr. Zhang Yong as non-executive Directors; Mr. Na Xizhi, Mr. Hu Yiguang and Mr. Francis Siu Wai Keung as independent non-executive Directors.

** For identification purpose only*